



# PRODUCTION AND DISTRIBUTION

## 3.1 The Alcohol Industry

The alcohol industry is huge in the Region. It is estimated that there are over 600 factories, 1582 distributors and thousands of retail outlets involved in alcohol production and retailing. Over 4 million people are involved with the industry (WHO, 2003).

The fast pace of globalization of the economies in the South-East Asia Region (SEAR) has resulted in the local alcohol industry acquiring a new status due to recent tie-ups with more established trans-national companies and brands. The merger and acquisitions in the liberalized market economy has brought in, not just the 'scale of economies in industrial management', but also initiated a new vigour to a nascent industry on a global scale.

With many parts of the world having reached stable and saturated consumption and with declining trends of alcohol consumption in the European Region and other traditional markets, market lobbies are increasingly targeting new potential markets, especially in Asia. Operating through different media channels and using a wide variety of promotional strategies amidst social and cultural forces of globalization, these changes are expected to result in a rise in the production, distribution and consumption of alcohol in the Region.

The market for spirits is observed to be increasing in the last few decades. Wine sales are also rapidly increasing. Noting variations across the countries in the Region, World Health Organization (WHO) observes that in Thailand there has been an 11 fold increase in beer production between 1970 and 1993, while in Sri Lanka the increase in beer and *arrack* production is approximately 50%. In India, the total annual estimated alcohol production has increased to more than double in a matter of two years: from 362 million litres in 1993–94 to 789 million litres in 1995–96 (WHO, 2004).

Concerned about the rapidly increasing consumption of alcohol and the corresponding harm to the community, civil society and concerned stakeholders have responded appropriately (Annexure – World Health Assembly resolution).

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The ongoing World Trade Agreement dialogue has brought to the fore the might of the alcohol industry.

### 3.2 World Trade Organization, Globalization, Liberalization and Alcohol

The World Trade Organization was created in 1994 to encourage free trade amongst the 142 Member States. From the perspective of free trade, alcohol is seen primarily as a commercial 'good' to be traded freely internationally like any other commodity, or as a 'service' or an 'investment' with the right to establish anywhere. Public health experts have expressed great concern about the risks such agreements pose to alcohol control initiatives.

Various countries have used a wide variety of strategies to minimize the harm caused by the use of alcohol. These include regulating alcohol availability and access by maintaining state monopolies on the production, distribution and sale of alcohol, levying and maintaining high taxes on alcohol, initiating public education campaigns and imposing restrictions on advertising. Many of these measures will be eliminated with the new rules imposed by the World Trade Organization.

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#### World Trade Organization and alcohol

Amongst the key elements in international agreements of the World Trade Organization, important aspects relevant to alcohol control policy include:

- ◆ Equal treatment to foreign and domestic liquor
- ◆ Removal of state monopoly on the manufacture, distribution and retailing of alcohol
- ◆ Reduction or elimination of quotas on the quantity of liquor which can be imported

These requirements are likely to increase alcohol consumption in traditionally low-use countries.

*Source:* WHO, 2003

The protection of human health is a recognized legitimate objective under the treaties of the World Trade Organization. However, to invoke this exception, a government must demonstrate that the measure is necessary to protect the health of the population and that no other alternative but barriers to free trade are needed. Appeal panels of the World Trade Organization have interpreted this exception very restrictively. Only one regulatory measure (the French Government's ban on asbestos) has ever been upheld by the panel.

### 3.3 Promotion and Sale of Alcohol

The promotion and sale of alcohol depends on a number of prevalent practices and policy initiatives in each country. Some of these factors

include the taxation policy on alcoholic beverages, the wholesale and retail policies, the final market price, the constraints imposed (or not imposed) on sale in terms of duration of sale hours, age restrictions, permissible legal sanctions for alcohol consumption and most importantly restrictions on promotional practices like the use of print and electronic media for purposes of advertising.

Midnaik and Room (1992) have identified the existence of different perspectives regarding alcohol use in a community:

- (i) to governments – alcoholic beverages are a source of revenue
- (ii) to a market economist – alcoholic beverages are one more category of consumer products
- (iii) to a cultural anthropologist – it is a widely used medium of sociability with a diversity of symbolic meanings
- (iv) to a public health specialist – it is an agent of morbidity and mortality and
- (v) to a common man – it is a bottle or one more bottle.

These different perspectives drive the agenda and decide the context of promotion and sale of alcohol depending on the power play in society.

Alcohol use in the SEAR Member States suggests diverse challenges to policy-makers, professionals and civil societies. Growing evidence of harmful effects coupled with inadequate information on effective interventions creates a dilemma in public health. The divergent perspectives of stakeholders have only added to the existing confusion resulting in now-on-now-off public health policies.

There are a wide range of alcohol control policy options. It is evident from research that measures are available that can significantly reduce alcohol-related problems and the resulting harm. However, there is clearly no single policy measure that is able to combat and reduce all alcohol-related problems. Rather, it is more effective to incorporate a range of measures in a comprehensive alcohol control strategy. It is the policy 'mix' or finding the right balance that is the key in reducing the overall public health burden of alcohol consumption.

The goal of a comprehensive, effective and sustainable alcohol control policy can only be attained by ensuring the active and committed involvement of all relevant stakeholders. Alcohol control strategies need a high degree of public awareness and support in order to be implemented successfully. Without sufficient popular support, the

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enforcement and maintenance of any restriction is jeopardized, and resistance and circumvention are likely to develop. Multiple agencies, for example, ministries of law, industry, revenue, agriculture, customs department, law enforcement departments, medical associations, NGOs, should lobby for a clear formulation and effective implementation of a rational, integrated and comprehensive alcohol control policy.

Issues related to alcohol control policies in the SEAR Member States have been reviewed and are published in a separate document (Alcohol Control Policies in the South-East Asia Region — Selected Issues: Alcohol Control Series No. 3).